

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

XMB-02 OPIC-03 /110 W

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R 311251Z AUG 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 1448

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION GENEVA

USDEL MTN GENEVA

USMISSION OECD PARIS

AMCONSUL BREMEN

AMCONSUL HAMBURG

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E.O. 11652: N/A

TAGS: ETRD, EIND, ECEM, EEC

SUBJECT: U.S. PHOSPHATE FERTILIZER EXPORTS

REF: (A) STATE 201668; (B) EC BRUSSELS 7548;

(C) EC BRUSSELS 7975

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1. IN DISCUSSIONS WITH EMBOFF CONCERNING EC

COMMISSION'S COMPLAINT OF DUAL PRICING AN ECONOMIC MINISTRY OFFICIAL INDICATED THAT WIDESPREAD CONCERN HAS BEEN VOICED BY GERMAN FERTILIZER INDUSTRY ABOUT PRICING PRACTICES OF US PHOSPHATE EXPORTERS. FRG CONSIDERED MAKING A BILATERAL APPROACH TO US ON BASIS OF NEW ANTITRUST COOPERATION AGREEMENT, BUT DECIDED INSTEAD TO SUPPORT DEMARCHE BY EC COMMISSION. ECONMIN OFFICIAL POINTED OUT THAT GERMAN FERTILIZER INDUSTRY HAS REMAINED IN DEPRESSED STATE; THOUGH CHEMICAL INDUSTRY IN GENERAL HAS REVIVED. DOMESTIC DEMAND HAS BEEN WEAK DUE TO THE DROUGHT, AND LARGE AMOUNTS OF FERTILIZERS HAVE BEEN DUMPED ON THE GERMAN MARKET BY EAST EUROPEAN PRODUCERS FACED WITH A DRYING UP OF EFFECTIVE DEMAND IN THIRD WORLD MARKETS. AS A RESULT OF ITS WEAKENED COMPETITIVE POSITION DUE TO THESE DEVELOPMENTS, FRG FERTILIZER INDUSTRY, ACCORDING TO ECONMIN OFFICIAL, HAS REACTED PARTICULARLY SHARPLY TO ALLEGED PRICING PRACTICES OF US EXPORTERS. US IS CHIEF SOURCE OF FRG PHOSPHATE ROCK IMPORTS, FOLLOWED BY THE SOVIET UNION AND MOROCCO.

2. SEVERAL LARGE GERMAN FERTILIZER PROCESSORS ALSO FOCUSED THEIR COMPLAINTS ON PLANS BY A US FIRM, BECKER INDUSTRIES CORPORATION, TO SET UP A NEW PHOSPHATE ROCK TREATMENT PLANT IN LOWER SAXONY. PLANT WILL BE LOCATED IN BRAKE, A SMALL PORT NEAR BREMEN CAPABLE OF HANDLING OCEAN-GOING VESSELS. PRODUCTION CAPACITY WILL BE 350,000 TONS PER YEAR, BASED CHIEFLY ON PHOSPHATE ROCK IMPORTS EXPECTED TO REACH 250,000 TONS PER YEAR. CONSTRUCTION WILL BEGIN SHORTLY, WITH PARTIAL OPERATIONS EXPECTED TO COMMENCE DURING FIRST QUARTER 1977.

GERMAN FERTILIZER PROCESSORS FEARED THAT BECKER WOULD BE ABLE TO IMPORT US PHOSPHATE AT LOW PRICES, THUS ENABLING IT TO UNDERSSELL SUBSTANTIALLY ITS GERMAN COMPETITORS. IN CAMPAIGN AGAINST ESTABLISHMENT OF BECKER PIANT, COMPETING GERMAN FERTILIZER FIRMS IN LOWER SAXONY ARGUED THAT LOCAL INDUSTRY ALREADY PLAGUED BY SUBSTANTIAL OVER-CAPACITY. LOCAL ENVIRONMENTAL GROUPS ALSO CAMPAIGNED AGAINST PROPOSED PLANT, IN A LIMITED OFFICIAL USE

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BATTLE WHICH SURFACED IN LOCAL PRESS AS WELL AS IN DEBATE IN PARLIAMENT OF LOWER SAXONY. THESE ATTACKS WERE SUCCESSFULLY COUNTERED BY CLAIM THAT NEW INVESTMENT NEEDED IN BRAKE AREA AND THAT BECKER WOULD HAVE SET UP ITS PLANT SOMEWHERE ELSE IN WESTERN EUROPE IN ANY CASE IF PERMISSION TO ESTABLISH IN BRAKE WERE DENIED.

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
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**Concepts:** FERTILIZER INDUSTRY, INTERAGENCY MEETINGS, ALLEGATIONS, PHOSPHATES, TARIFF DISCRIMINATION, PRICE INDEXES  
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**Draft Date:** 31 AUG 1976  
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**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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